



The World Bank

Procurement Policy Review

Feedback Summary: Consultation with Multi Stakeholders

Date: September 18, 2012
Event: Procurement Consultations in Uruguay
Venue: WB Premises Montevideo, Uruguay
Total Number of Participants: 13

Overview and General Reactions

- The consultation was carried out for about three hours in the World Bank's Country Office, and gathered representatives from the private sector, public institutions, WB PIUs and Civil Society. The complete list of participants can be found at the end of this document.
- Overall, the participants suggested a double path between the consideration and adaptation of the guidelines of the local market context in each country, and the flexibility of the requirements to conduct procurement processes.

Specific feedback from stakeholders

1. The analysis presented in the Initiating Discussion Paper captures the key issues and concerns that should be addressed in the review. Are there other challenges which the review should try to address?

- **Local market:** The participants considered that there is no a unique solution to apply in every country. Market conditions differ from place to place, therefore the conditions to procure cannot be the same. Also, there are countries where international firms might not be interested in investing which makes it more complicated to meet the requirements of an ICB. In the case of Uruguay, as they have relatively small contracts, foreign firms usually do not express interest in participating on ICB processes.

As an example, the participants discussed a specific case of IT consulting services in Uruguay. The local market for this type of services is strongly developed and highly qualified; however, the requirement to include not more than two firms from each country in a Short List limits the possibility of local consultants to participate, and creates the need to look for international consultants that might not be interested in working in Uruguay.

- **Sector conditions:** Each Sector has its own characteristics which should be taken into consideration to design the procurement policy. For example, the Health Sector cannot meet the same requirements as the Transport Sector.

2. Taking into account the new concepts of public procurement and the broader context of public sector management best practices, what type of changes should the Bank take into consideration in modernizing its procurement policies.

- **Complexity of Standard Bidding Documents:** The participants consider that the current Bank's Standard Bidding Documents are so complex that affect the possibility of certain suppliers to take part in bidding processes. They mentioned that they have carried out specific training for suppliers, but still have problems when they submit their bids. This results in a waste of time especially for small contracts.

On this context, the participants expect that local bidding documents -currently under development- will be much easier to work with. However, they consider there are some positive aspects from the Bank's Documents that should be considered while developing local documents. For example, the way that the bid security is requested under local legislation (as a percentage of the bid offer), allows the possibility to calculate the amount of other bidders' offers.

	<ul style="list-style-type: none"> • Specific Standard Bidding Documents by Sector: The participants suggested the possibility of considering having different Standard Bidding Documents according to the Sector or Type of procurement. • Specific Standard Bidding Documents by estimated contract amount: The participants discussed the case of procurement of goods, where an ICB process is needed for estimated contract amounts over \$250,000, and therefore, the use of the Bank’s Standard Bidding Document is mandatory, which usually results in a major failure to purchase the needed goods. They suggested having different bidding documents according to the estimated contract amount. • Consultants’ Short Lists: The participants shared their concern given that they consider that it is very difficult to comply the Bank’s requirement to conform Short Lists that include six consultants of the same category; most of the time, they have to mix NGOs with private firms. They suggested that, after performing a detailed analysis of the local and sector situation, the Bank should consider reviewing this requirement. • Bid evaluation: The participants suggested including, for the bidder’s evaluation, criteria such as quality, timing, results and investment, among many others aspects, especially when procuring works. They consider that the lowest evaluated price does not guarantee the best performance from a technical point of view, and does not constitute an incentive for firms to invest on having better qualifications (e.g., firms with ISO 9001 certification). It was also mentioned that the same happens when applying the local law given that, even though the Law foresees awarding the contract to the “most convenient bid”, this is mostly interpreted as the “lowest price”. • Procurement Plan: The Procurement Plan should be a dynamic instrument so as to update it through the whole implementation period of the Project, responding to the changing needs that appear during such implementation. • Terminology: The participants considered that the WB and IADB use their own “procurement language” that may not be understood by some suppliers.
3. In light of various levels of risk and capacity among borrower agencies, how can the Bank best ensure that funds provided by the Bank are used for the purpose intended?	
	<ul style="list-style-type: none"> • National System: The participants consider that the National System in Uruguay has several internal controls which enables the possibility of using these mechanisms to control the procurement processes financed by the Bank. • Quality requirements: The participants suggested that the Bank and PIUs should consider establishing quality standards, asking for requirements on quality, certified systems, etc. This type of requirements would have a direct impact on the final results as they represent some kind of guarantee that the awarded firm knows how to perform the task. Although, some

	<p>participants expressed themselves against this idea because it might result in a barrier for smaller companies to participate in processes with such requirements, given the costs that are related to having some kind of certifications.</p> <ul style="list-style-type: none"> • Results assessment: The participants considered the evaluation of results as a key issue in order to guarantee that the objectives are finally accomplished; although, they all agree that such accomplishment is really difficult to assess. If not, they consider that they end up developing a Procurement Plan and trying to follow it, instead of focusing on the overall project's objectives. <p>On this topic, they mentioned the importance of including specific clauses on how the Bank would act if the agreed objectives are not fully met.</p> <ul style="list-style-type: none"> • PIU Capacity Assessment: Before beginning the implementation of a project, the Bank should assess the PIU's capacity to implement and, according to the result of such assessment, apply the necessary procedures on a case by case basis.
<p>4. Initiating Discussion paper highlights the multiplicity of demands and contexts procurement in serving today – diverse sectors, instruments, delivery mechanisms and clients with varying institutional frameworks and governance conditions. What recommendations could help the Bank best tailor its procurement requirements to meet these diverse and varying demands and needs?</p>	
	<ul style="list-style-type: none"> • Flexibility: The new Bank's Procurement Policy should consider having more flexible mechanisms; the participants mentioned as an example that the IADB allows them to negotiate some aspects of the contract, while the World Bank gives them no opportunity to do such a thing. The possibility of negotiating on a case by case situation should be considered as an alternative. <p>Some participants highlighted the fact that the institutional situation is not similar in every country, and greater flexibility could be adopted in countries with more institutional capacity.</p>
<p>5. What could the Bank do to simplify and streamline its current policies and to take advantage of the potential gains offered by e-procurement and IT-based tools.</p>	
	<ul style="list-style-type: none"> • e-Procurement: The participants did not make any comment related with e-Procurement or IT based tools. Uruguay does not have an e-Procurement system as such, and the one they have allows them just to publish information related with the different steps of a procurement process, although, its use is not mandatory. They consider this as a very useful tool, and have high expectations on the work of the National Procurement Agency that is currently developing an e-Procurement system.

6. International consensus calls for use of country systems and harmonization among development partners. What can the Bank do to advance the use of country systems and harmonization among partners?

- **Country system:** Uruguay has recently approved an update of their Procurement Law (TOCAF), and most of the participants showed on favor of the idea of using this unique system despite the source of financing. However, they also agreed that there are some aspects they thought should be recovered from the Bank's Guidelines.
- **Coordination with National Agencies:** The Procurement National Agency is currently being structured in Uruguay, and the participants suggested the possibility of the Bank working closely with this Agency in order to share systems and best practices.
- **Request for Supplier's opinion on Technical Specifications:** This procedure was suggested by one of the participants who informed that it was already being used under the country system; such procedure allows suppliers to ask for and provide information to help the development of technical specifications, before the process formally starts. They believe that such procedure guarantees the buyer to assure that the market is prepared for the specific procurement.

7. What suggestions do you have to monitor and evaluate the Bank's Procurement policies and assess their impact and effectiveness?

- **Auditing:** The participants considered that the audits of the project should include the analysis of the results: they should take into consideration if the work was performed, goods delivered, etc.
- **Integral evaluation:** The participants considered that the procurement process should be evaluated in a wider manner than only the process itself. The assessment should begin with the procurement planning and end after the contract is closed. There are aspects like the delays on payments that, for example, should be taken into account, given that they can have strong impact into the effectiveness of the project.
- **"Cesión de créditos":** One of the participants suggested the use of this tool (basically, an insurance of payment) as a way of avoiding delays on the payment.
- **Firms that do not comply with contracts:** The Participants suggested that local lists of firms that not comply with signed contracts should not be considered in future biddings.
- **Negotiations:** The participants suggested that the Bank should consider the possibility of negotiating contracts of Works or Goods.

	<p>8. Do you have other suggestions to help the Bank develop a proposal for a new policy framework and guiding principles for revisions to the Bank's procurement policies?</p>
	<ul style="list-style-type: none">• Principles: The participants emphasized the fact that, although some aspects need to be changed, the main principles of the policies should remain the same.